



AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN
6105 W. ST. JOSEPH, SUITE 204, LANSING, MICHIGAN 48917

TESTIMONY OF MARY ABLAN, MA, MSW
BEFORE THE HOUSE INSURANCE COMMITTEE
ON SENATE BILLS 61 & 62
February 14, 2013

- If the bills pass as is, 200,000 seniors and people with disabilities will lose their Blue Cross Medigap insurance in 2016. Most of them have no idea their insurance is in jeopardy, and if they did know, they would be here today to protest.
- If the bills pass as is, people with disabilities will not be able to buy a Medigap policy AT ANY COST after 2016. This will include individuals with Multiple Sclerosis, ALS, End-Stage Renal Disease, Parkinson's and other conditions. Once again, most of them have no idea their insurance is in jeopardy.
- Other options are not affordable to seniors with a modest income. Medicare Advantage has out-of-pocket costs from \$2,800/year to \$10,000/year. See the attached analysis comparing Blue Cross insurance with a Medicare Advantage plan.
- Only Blue Cross Medigap is available to everyone who needs it. Blue Care Network Medigap is denied to people who are bad risks. Medigap offered by other companies is denied to people who are bad risks.
- No data exists on the incomes of Blue Cross Medigap customers; BC doesn't ask that question on its application. But according to America's Health Insurance Plans (AHIP), half of Medigap policyholders have annual incomes below \$30,000 and two-thirds of rural policyholders fall below \$30,000.
- The Attorney General's amendment on the reverse side will protect seniors and people with disabilities and address the problems outlined above.
- AAAAM respectfully requests a seat on the Michigan Health Endowment Fund board created in Senate Bill 61. As the network responsible for creating a system of services for older Michiganians, we are in the best position to know which programs exist already, and which need the assistance of the fund.
- Please conduct more hearings so that seniors and people with disabilities affected by these bills can testify. Many affected would like to voice their concerns, but they were not able to attend today's hearing.

- AAAAM strongly supports Section 5805(4) in Senate Bill 62 that preserves the Blue Cross Escheats program. This program funds in-home and community-based services throughout the state that prevents unnecessary institutionalization.

AMENDMENT TO SENATE BILL 62

**LANGUAGE DRAFTED BY ATTORNEY GENERAL'S OFFICE TO
PROTECT SENIORS AND PEOPLE WITH DISABILITIES**

[SEC. 5805]

(3) A NONPROFIT MUTUAL DISABILITY INSURER THAT HAS MERGED WITH A NONPROFIT HEALTH CARE CORPORATION AS DESCRIBED IN SUBSECTION (1) SHALL CONTINUE TO OFFER SUPPLEMENTAL COVERAGE TO ALL MEDICARE ENROLLEES AS PROVIDED IN CHAPTER 38. NOTWITHSTANDING ANY CONTRARY

PROVISIONS IN CHAPTER 38 OR THIS ACT, THE MEDICARE SUPPLEMENTAL COVERAGE OFFERED BY THE NONPROFIT MUTUAL DISABILITY INSURER: (A) SHALL BE OFFERED ON A GUARANTEED ISSUE BASIS TO ELIGIBLE APPLICANTS; (B) SHALL BE COMMUNITY RATED; (C) MAY BENEFIT FROM COST TRANSFERS IN AN AMOUNT ESTABLISHED BY THE COMMISSIONER THAT ANNUALLY SHALL NOT EXCEED 1% OF THE COMPANY'S TOTAL REVENUES, DEFINED TO INCLUDE BOTH INSURED BUSINESS REVENUES AND REVENUES ATTRIBUTABLE TO FEES, REIMBURSEMENTS, AND PREMIUM EQUIVALENTS FROM ADMINISTRATIVE SERVICE CONTRACTS; (D) SHALL BE SUBJECT TO THE RATE FILING AND APPROVAL REQUIREMENTS CONTAINED IN SECTIONS 608 THROUGH

615 OF THE NONPROFIT HEALTH CARE CORPORATION REFORM ACT, 1980 PA 350, MCL 550.1608 - 550.1615; AND (E) SHALL COMPLY WITH THE TERMS OF ANY AGREEMENT ENTERED INTO WITH THE ATTORNEY GENERAL.

MEDIGAP VS. ADVANTAGE *(info from www.bcbsm.com and www.medicare.gov)*

OUT-OF-POCKET EXPENSES	BLUE CROSS MEDIGAP (Legacy Plan C)	BLUE CROSS MEDICARE ADVANTAGE (Medicare Plus Blue PPO Vitality)
Premium	\$122.86/month or \$1474/year	\$40.50/month or \$486/year
Annual deductible	\$0	\$500
Out-of-pocket spending limit	No out-of-pocket spending	\$5,400 in-network \$7,100 out-of-network
Extra benefits?	No	No
Primary Doctor visit	\$0	\$25 max in-network 40% max per visit for out-of-network
Specialist visit	\$0	\$50 max in-network 40% max per visit for out-of-network
Outpatient services	\$0	\$175 max in-network 40% max per visit for out-of-network
Emergency Care	\$0	\$65 maximum
Ambulance	\$0	\$50 maximum in-network 40% max out-of-network
Kidney disease treatments	\$0	\$30 max per visit in-network 40% max per visit out-of-network
Home health care	\$0	\$0 in-network 40% max per visit out-of-network
Durable medical equipment	\$0	20% max per item in-network 40% max per item out-of-network
Inpatient hospital care	\$0	In-network, days 1-5 = \$225/day Out-of-network, 40%
Skilled nursing facility	\$0	In-network, days 21-100 = \$130/day Out-of-network, 40%

